



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal No. 15-45)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Sarah A. Ragan or Heather N. Harwell, DSCA/LMO, (703) 604-1546/ (703) 607-5339.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 15-45 with attached Policy Justification and Sensitivity of Technology.

Dated: February 9, 2016.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

DEC 16 2015

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 15-45, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to the Taipei Economic and Cultural Representative Office in the United States for defense articles and services estimated to cost \$75 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Taipei Economic and Cultural Representative Office in the United States

(ii) Total Estimated Value:

Major Defense Equipment*	\$10 million
Other	<u>\$65 million</u>
TOTAL	\$75 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE) includes:

Four (4) Multifunctional Information Distribution Systems (MIDS) On Ship Low Volume Terminals (LVTs)

Four (4) Command and Control Processor (C2P) units

Non-MDE items included are the installation and integration of Taiwan Advanced Tactical Data Link System (TATDLS) beyond line-of-sight datalink capability on six (6) Perry Class Frigates (PFG-2) and four (4) Lafayette Class (PFG-3) ships, up to ten (10) High Frequency Radios, and ten (10) Data Terminal Sets (DTSSs). Also included are spare and repair parts; support equipment; communications equipment; maintenance support; personnel training and training equipment; publications and technical documentation; U.S. Government and contractor engineering and technical support services; and other related elements of logistics and program support.

(iv) Military Department: Navy (GOX)

(v) Prior Related Cases, if any:

FMS Case GNU-\$290M-13JUL10

FMS Case GMK-\$277M-10JAN03

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: 16 December 2015

*as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Taipei Economic and Cultural Representative Office in the United States- Taiwan Advanced Tactical Data Link System (TATDLS) and Link-11 Integration

The Taipei Economic and Cultural Representative Office in the United States has requested a possible sale of four (4) Multifunctional Information Distribution Systems (MIDS) On Ship Low Volume Terminals (LVTs), and four (4) Command and Control Processor (C2P) units. Also included will be the installation and integration of Taiwan Advanced Tactical Data Link System (TATDLS) beyond line-of-sight datalink capability on six (6) Perry Class (PFG-2) and four (4) Lafayette Class (PFG-3) ships, up to ten (10) High Frequency Radios, ten (10) Data Terminal Sets (DTSs), spare and repair parts, support equipment, communications equipment, maintenance support, personnel training and training equipment, publications and technical documentation, U.S. Government and contractor engineering and technical support services, and other related elements of logistics and program support. The estimated value is \$75 million.

This sale is consistent with United States law and policy as expressed in Public Law 96-8.

This proposed sale serves U.S. national, economic, and security interests by supporting the recipient's continuing efforts to modernize its armed forces and enhance its defensive capability. The proposed sale will help improve the security of the recipient and assist in maintaining political stability, military balance, and economic progress in the region.

The proposed sale will improve the recipient's capability in current and future defensive efforts. Under this case the recipient will update the existing Perry Class (PFG-2) (six ships) and Lafayette Class (PFG-3) (four ships) ships to match the configuration of ships updated under the Po Sheng and Syun An programs. Configuring the remaining ships to include TATDLS beyond line-of-sight datalink capability will allow data sharing capability with other platforms and improve the recipient's operational readiness for the systems provided under the previous Foreign Military Sales (FMS) cases. The recipient will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not significantly alter the basic military balance in the region.

The principal contractor is unknown at this time and will be determined during contract negotiations. The purchaser normally requests industrial cooperation at forty percent, but at this time there are no known offset agreements proposed in connection with this

potential sale.

It is estimated that during implementation of this proposed sale a number of U.S. Government and contractor representatives will be assigned to the recipient or travel there intermittently during the program.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 15-45

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The equipment to be delivered under this case has been provided previously under Po Sheng TW-P-GMK and Syun An TW-P-GNU and is currently used by the customer. The efforts under this case will lead to the remaining Perry Class (PFG-2) (six ships) and Lafayette Class (PFG-3) (four ships) ships having the same configuration as ships previously integrated under Po Sheng, TW-P-GMK and Syun An, TW-P-GNU cases. The ships will have Taiwan Advanced Tactical Data Link System (TATDLS) beyond line-of-sight datalink capability, which provides data sharing capability with other platforms. The equipment being provided under this case is considered legacy technology within the U.S. Navy.

2. The Multifunctional Information Distribution System (MIDS) On Ship Low Volume Terminal (LVT) hardware, publications, performance specifications, operational capability, parameters, vulnerabilities to countermeasures, and software documentation are classified CONFIDENTIAL. The classified information to be provided is necessary for the operation, maintenance, and repair (through intermediate level) of the data link terminal, installed systems, and related software. The recipient has previously received terminals under TW-P-GNU. Commercial Signal Message Processors (CSMPs) will be integrated into terminals provided. The operating system has CONFIDENTIAL software and operating elements; operating manuals are UNCLASSIFIED.

3. The Command and Control Processor (C2P) provided will be Model 4 or equivalent, which is considered legacy technology within the U.S. Navy. The operating system has CONFIDENTIAL software and operating elements; operating manuals are CONFIDENTIAL.

4. The technical and operational elements of these systems, and any related data, are

classified to protect vulnerabilities, design and performance parameters, and similar critical information. Uncontrolled release of sensitive technological information on these systems could reveal capabilities and possible vulnerabilities, which could be detrimental to the U.S. Navy.

5. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar advanced capabilities.

6. All defense articles and services listed in this transmittal have been authorized for release and export to the recipient.

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